



# JICA Friday Lecture #3 SEZ Development in Mombasa

Mombasa Urban MP

Mombasa SEZ MP

Project Member: Kento Ozaki

# What is SEZ?

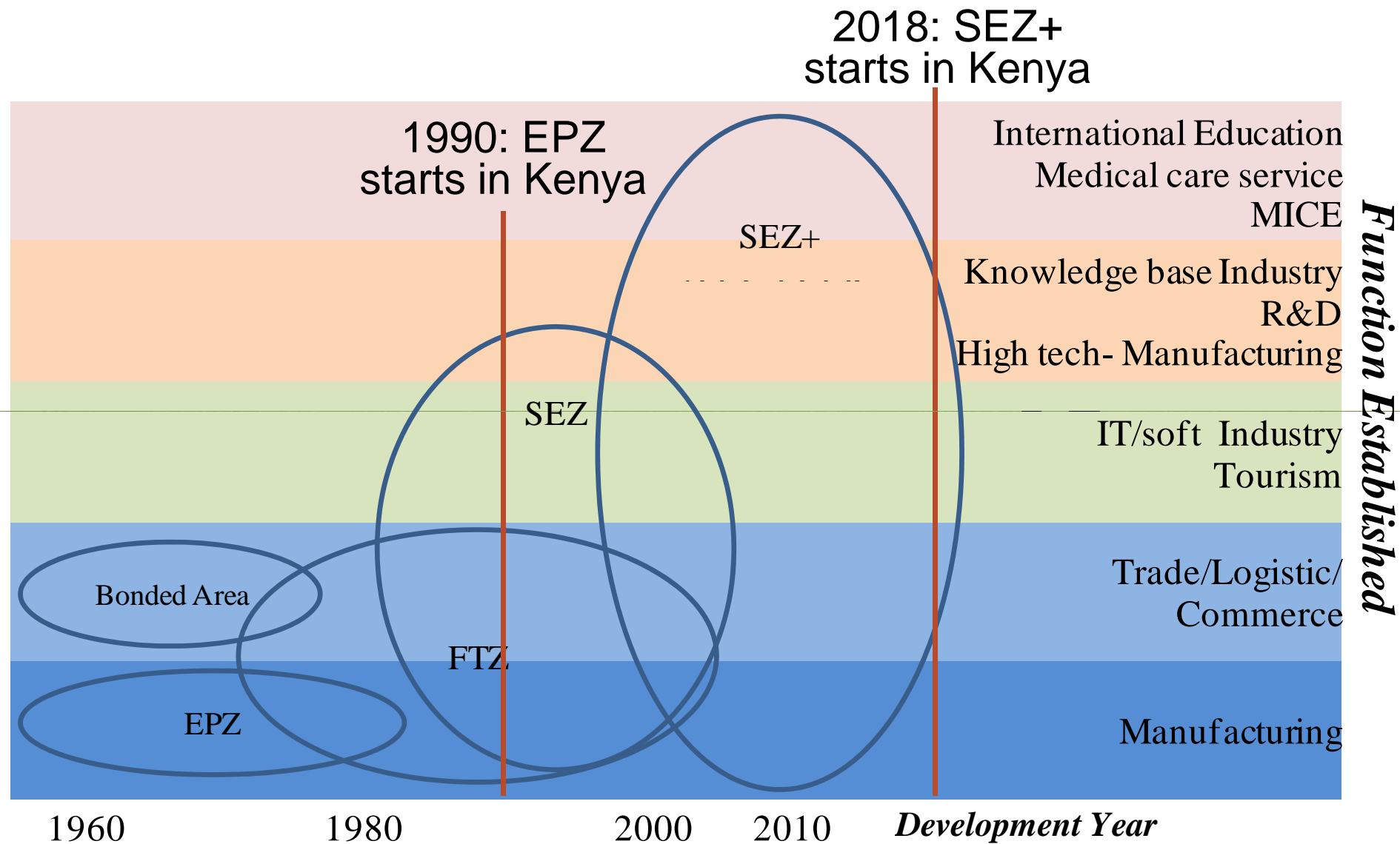
- Special Economic Zone
  - demarcated geographic areas contained within a country's national boundaries where **the rules of business are different** from those that prevail in the national territory. These differential rules principally deal with **investment conditions, international trade and customs, taxation, and the regulatory environment**; whereby the zone is given a business environment that is intended to be **more liberal** from a policy perspective and **more effective** from an administrative perspective than that of the national territory.

Sources:

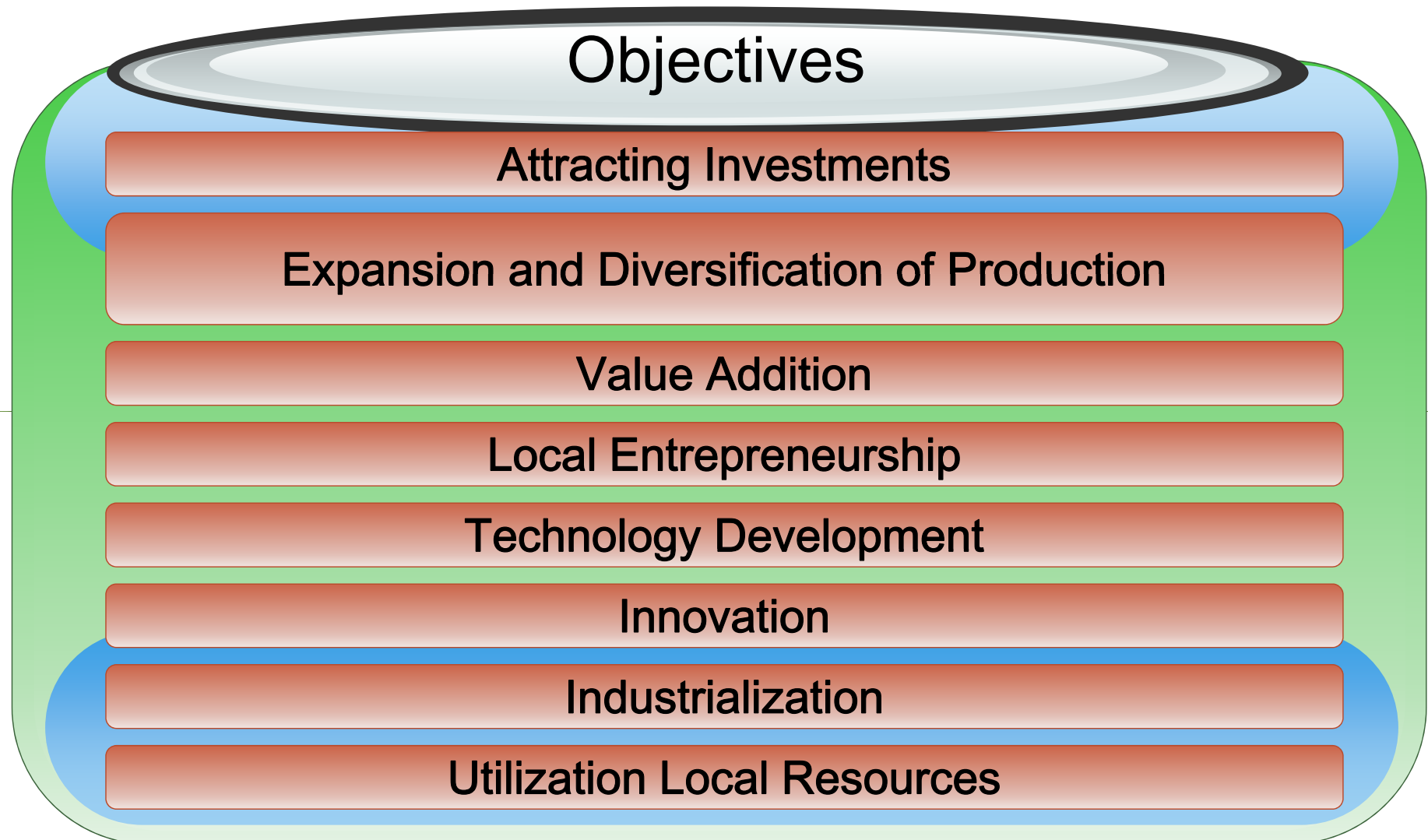
Farole, T. 2011. *Special Economic Zones in Africa: Comparing Performance and Learning from Global Experiences*. Washington, DC: World Bank.

Farole, T., Akinci, G. 2011. *Special Economic Zones: Progress, Emerging Challenges, and Future Directions*. Washington, DC: World Bank.

# History of SEZ



# Objectives of the SEZ



# How?

## SEZ Tools

### Fiscal Incentives

Tax Exemptions  
(Corporate, Income, VAT..)

Duty Free Trade

### Non-Fiscal Incentives

One Stop Service  
(Business License, Customs)

Foreign Participation

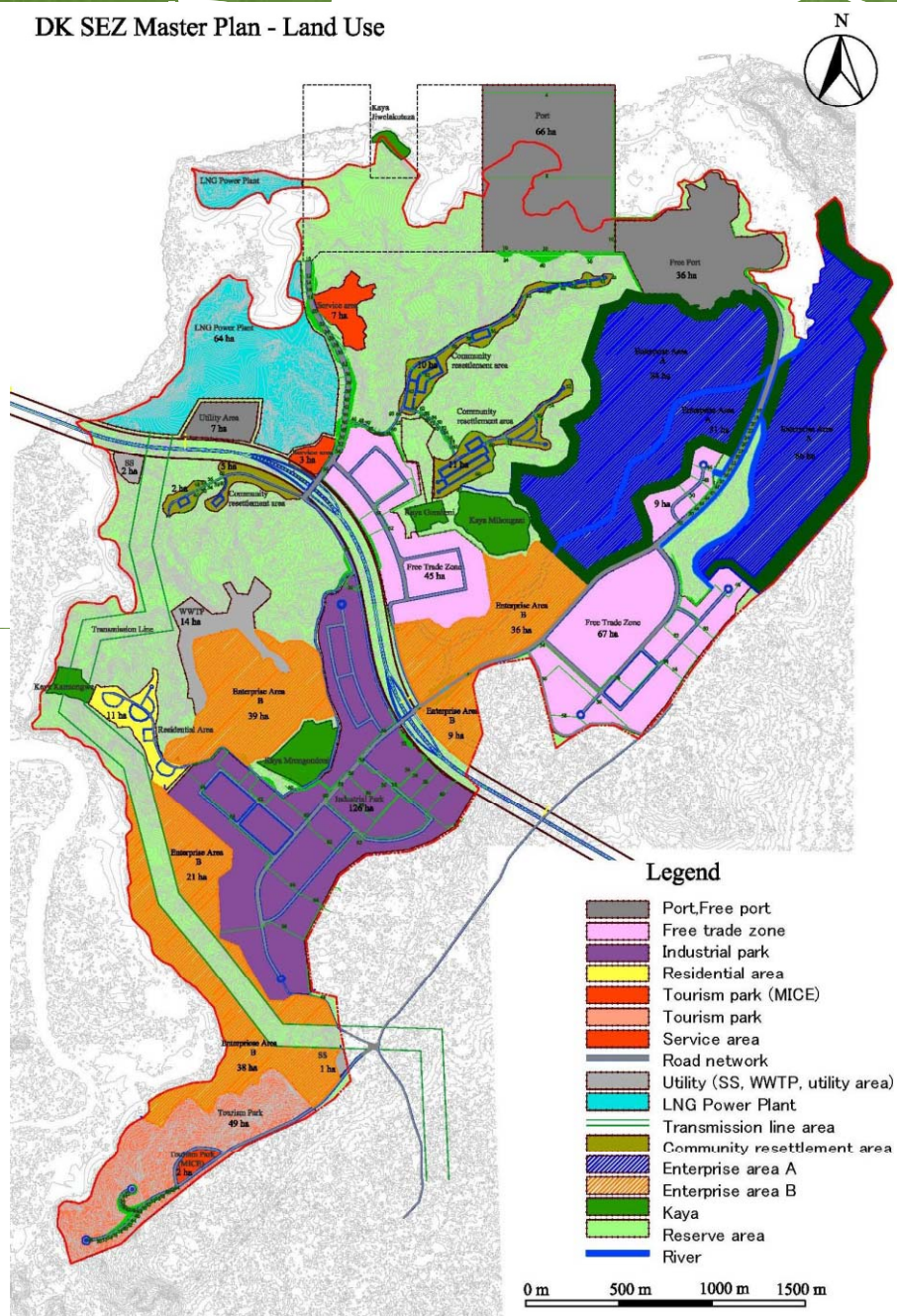
Labour Flexibility

Package Infrastructure



# MOMBASA SEZ

## DK SEZ Master Plan - Land Use



Land Use Item	(ha)	(acre)	(%)
1 Port*	66	163	5.0%
2 Free port	36	89	2.7%
3 Free trade zones**	121	299	9.1%
4 Industrial parks**	125	309	9.4%
5 Miscellaneous zone**			
5.1 Residential area	11	27	0.8%
5.2 MICE area	2	5	0.2%
5.3 Tourism parks	49	121	3.7%
5.4 Service area	10	24	0.7%
6 Natural gas power plant			
6.1 Plant area	64	158	4.8%
6.2 Transmission line area	56	138	4.2%
7 Enterprise area			
7.1 A (priority) ***	200	494	15.1%
7.2 B	143	353	10.8%
8 Community resettlement area	28	70	2.1%
9 Infrastructure/utility			
9.1 Road network****	15	38	1.1%
9.2 Utility (SS, WWTP, utility area)	24	59	1.8%
10 Kaya (reserved area)	24	59	1.8%
11 Green, river/reserve area	352	869	26.5%
<hr/>			
Total project area including offshore land fill (Original area inside boundary 1,286 ha )	1,326	3,277	100.0%

\* Including offshore land fill 40 ha which is outside of original boundary

\*\* Internal road network of zone is inclusive.

\*\*\* Green belt with 50m - 100m width is inclusive.

\*\*\*\* Arterial roads connecting zones are included.

SS: Sub-Station; WWTP: Waste water treatment plant

# Challenges

- ❑ Enactment of the SEZ Bill
  - ❑ Passed the 2nd reading
- ❑ Establishment of the SEZ Authority
  - ❑ Under MoED
  - ❑ Regulatory body of the SEZ
- ❑ Harmonization with EAC
  - ❑ EAC SEZ Policy
  - ❑ EAC Custom
- ❑ Access Road
  - ❑ Completion of Mombasa Southern By-Pass Road
  - ❑ Delay in this project will delay the opening of SEZ
- ❑ High cost of development
  - ❑ International development fund or private investment
- ❑ New Port Development
  - ❑ For full-functions, the port in Dongo Kundu side is essential